

Milk Pricing

NEWSLETTER



Dairy Marketing Branch, CDFA

April 2004

National Cheddar Cheese Price At Record High

The minimum price of milk, established by the Department each month, is the price that dairy processors must pay for milk used to produce dairy products. National commodity prices, primarily butter, Cheddar cheese, and nonfat dry milk, are significant factors in determining the minimum milk price (See *national commodities prices chart on page 2*).

The national commodity price for nonfat dry milk rose slightly, butter prices continued their steady increase, but the Cheddar cheese price rose to record high levels. Consequently, all types of milk increased in price: whole milk increased forty-seven and two tenths cents per gallon; reduced fat milk increased fifty-one and six tenths cents per gallon; lowfat milk increased fifty-five and two tenths cents per gallon; and skim milk increased forty-six and seven tenths cents per gallon.

**See lowest reported lawful retail milk prices on page 2.*

California milk production and milk production across the U.S. continues to remain steady or slightly less than last year levels. Nationally, milk cow numbers remain steady compared to last year and milk production per cow continues to hover near last year levels or slightly lower. Currently, the demand for dairy products is exceeding the availability, thus causing the commodity market prices to increase. Higher feed costs and reduced milk production per cow may contribute to a decrease in the milk supply, further fueling the current supply vs. demand imbalance.

The table below shows individual prices for the four types of fluid milk by container size and the price changes from the previous month. The prices listed represent the minimum price paid by processors for the milk only - no other processing costs are included.

Minimum Prices for the Four Types of Fluid Milk by Container Size for May 2004

Northern California	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$1.829	\$0.914	\$0.457	\$0.229	\$0.152	\$0.114
Reduced Fat (2%)	\$1.659	\$0.830	\$0.415	\$0.207	\$0.138	\$0.104
Lowfat (1%)	\$1.559	\$0.780	\$0.390	\$0.195	\$0.130	\$0.097
Nonfat (Skim)	\$1.173	\$0.586	\$0.293	\$0.147	\$0.098	\$0.073
Southern California						
Whole Milk	\$1.852	\$0.926	\$0.463	\$0.232	\$0.154	\$0.116
Reduced Fat (2%)	\$1.683	\$0.841	\$0.421	\$0.210	\$0.140	\$0.105
Lowfat (1%)	\$1.583	\$0.792	\$0.396	\$0.198	\$0.132	\$0.099
Nonfat (Skim)	\$1.197	\$0.599	\$0.299	\$0.150	\$0.100	\$0.075
Price Changes from the Previous Pricing Period						
	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$0.472	\$0.236	\$0.118	\$0.059	\$0.039	\$0.029
Reduced Fat (2%)	\$0.516	\$0.258	\$0.129	\$0.065	\$0.043	\$0.032
Lowfat (1%)	\$0.552	\$0.276	\$0.138	\$0.069	\$0.046	\$0.034
Nonfat (Skim)	\$0.467	\$0.233	\$0.117	\$0.058	\$0.039	\$0.029

California Department of Food and Agriculture (CDFA)

A.G. Kawamura, Secretary

Price Information Lines: (800) 503-3490 within California; (916) 442-MILK outside California
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Minimum Prices for the Milk Component of Various Manufactured Dairy Products

The minimum prices for the raw milk component used by processors in manufacturing dairy products are listed in the table to the right. No other costs incurred by the processor are included, such as:

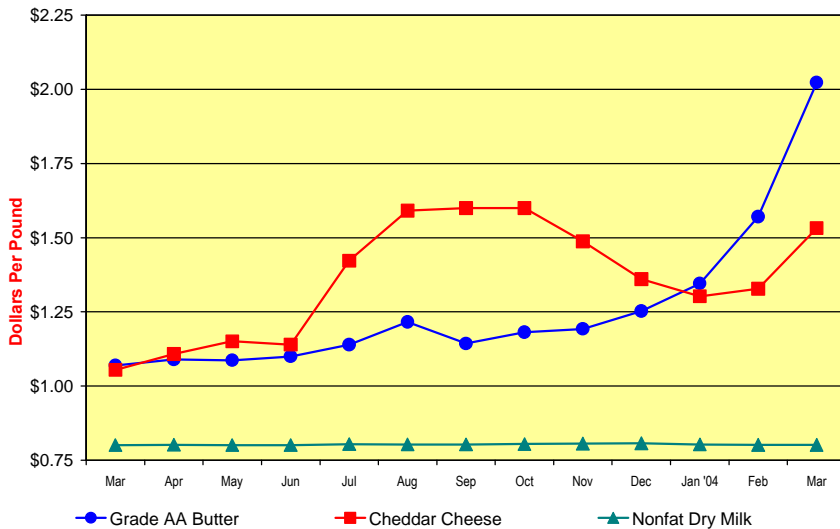
- milk quality premiums,
- milk composition premiums,
- competitiveness for availability of milk premiums,
- transportation costs,
- plant processing costs,
- service charges
- marketing costs

July '03
Aug
Sept
Oct
Nov
Dec
Jan '04
Feb
Mar
Apr

Lowfat Yogurt (\$/quart)	Super-Premium Ice Cream (\$/ 1/2 gal)	Generic Ice Cream (\$/ 1/2 gal)
\$0.18	\$1.08	\$0.42
\$0.18	\$1.13	\$0.44
\$0.18	\$1.13	\$0.44
\$0.18	\$1.15	\$0.44
\$0.18	\$1.15	\$0.44
\$0.18	\$1.16	\$0.45
\$0.18	\$1.16	\$0.45
\$0.19	\$1.27	\$0.49
\$0.19	\$1.27	\$0.49
\$0.20	\$1.70	\$0.64

National Commodity Prices March 2003 - March 2004

Grade AA Butter, Block Cheddar Cheese, Nonfat Dry Milk



Lowest Reported Lawful Retail Prices for Milk April 2004

	Two-Pack	Single Gallon
<u>Northern California</u>		
Whole Milk	\$4.75	\$2.38
2% Reduced Fat	\$4.25	\$2.13
1% Lowfat	\$4.25	\$2.13
Nonfat/Skim	\$3.19	\$1.60
<u>Southern California</u>		
Whole Milk	\$4.69	\$2.35
2% Reduced Fat	\$4.19	\$2.10
1% Lowfat	\$4.19	\$2.10
Nonfat/Skim	\$3.17	\$1.59

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In accordance with the California Government Code and ADA requirements, this publication can be made available in an alternative format by contacting Karen Dapper at (916) 341-5988, by email at dairy@cdfa.ca.gov, or by contacting TDD 1-800-735-0193.



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